

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: March 10, 1995

SUBJECT: **SB 881 - HB 1726**

This bill, if enacted, will provide that taxpayers have the right not to be held liable for taxes not properly collected, when the taxpayer was relying on direction received from the Department of Revenue when such direction was later found to be incorrect or incomplete. This bill would be retroactive to January 1, 1993.

The fiscal impact from enactment of this bill is estimated to be a decrease in first year state and local revenues to the extent taxpayers are not held liable for taxes which are not properly collected under the provisions of the bill. A reasonable estimate of the decrease cannot be determined but is estimated to exceed \$1,000,000 to the state and \$500,000 to local governments.

Enactment of this bill is also estimated to result in an increase in first year state expenditures for additional positions in taxpayer services and the legal division of the Department of Revenue. The Department of Revenue currently answers approximately 175,000 phone calls and 5,000 pieces of correspondence annually. This estimate assumes the department would require each taxpayer to submit in writing each

question and in many instances would need a legal opinion in order not to jeopardize state tax dollars. A reasonable estimate of the increase in state expenditures cannot be determined but is estimated to exceed \$500,000.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is written in a cursive style with a large, stylized initial "J".

James A. Davenport, Executive Director